

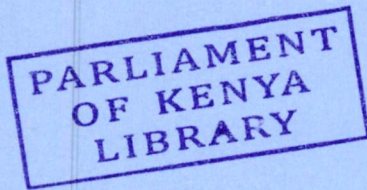
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT

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OF

THE AUDITOR-GENERAL

ON

PAPERS LAID	
DATE	25/02/2026
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KARATU LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF KIAMBU

22



**KARATU LEVEL 4 HOSPITAL
(KIAMBU County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

**Prepared in accordance with the Accrual Basis of Accounting Method under the International
Public Sector Accounting Standards (IPSAS)**

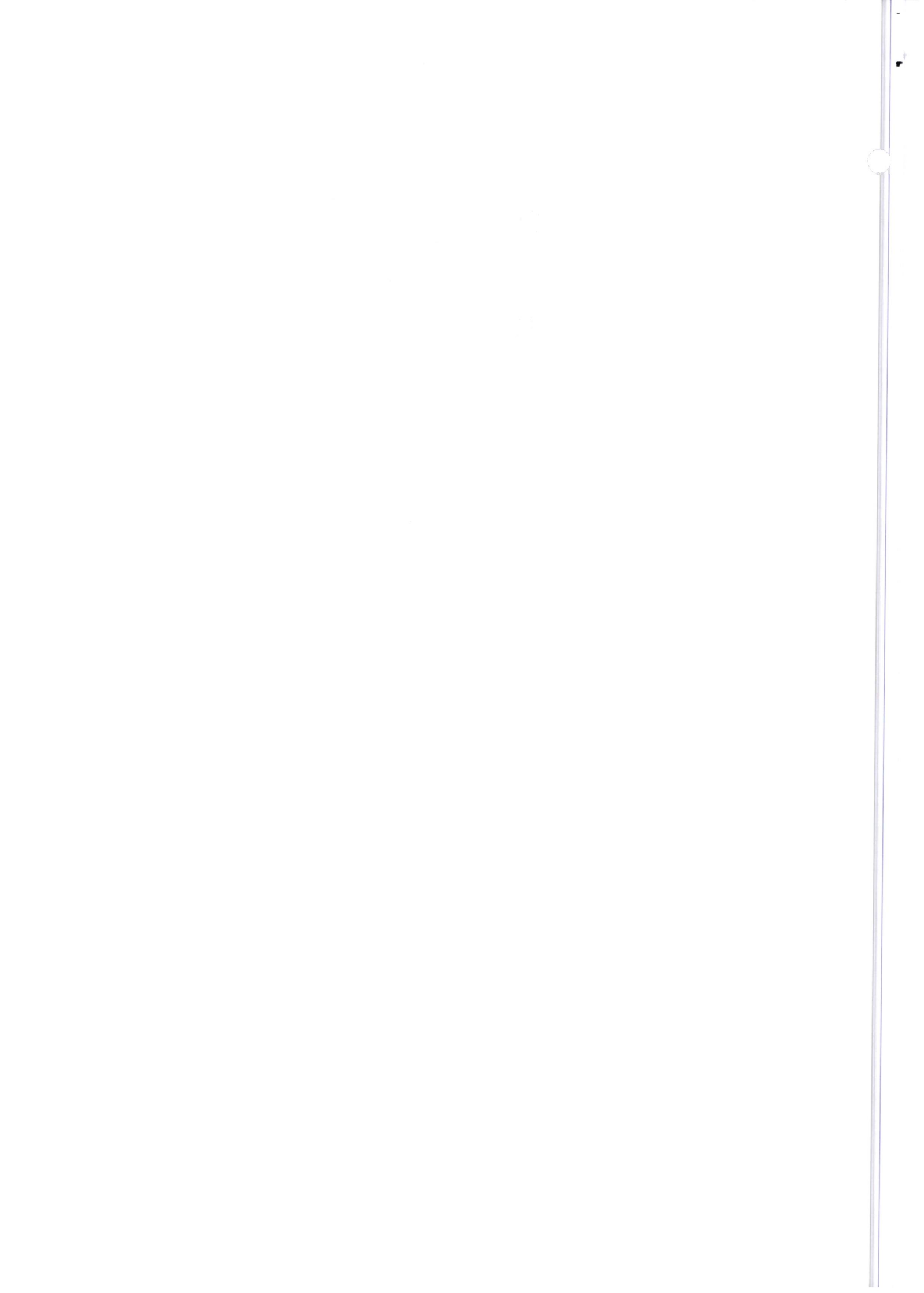


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1. Acronyms & Glossary of Terms

PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
FIF	Facility Improvement Fund
HAO	Health Administration Officer
NSM	Nursing Services Manager
CHMT	County Health Management Team
AIE	Authority to Incur Expenditure
CEC	County Executive Committee
BOM	Board of Management
NHIF	National Hospital Insurance Fund
SHA	Social Health Authority
NEMIS	National Education Management Information System
CSR	Corporate Social Responsibility
IPSAS	International Public Sector Accounting Standards
PPE	Property Plant and Equipment
CPA	Certified Public Accountant
BBM	Bachelors of Business Management
BA	Bachelors of Arts
BBM	Bachelors of Business Management
MLT	Medical Laboratory Technologist
BBA	Bachelors of Business Administration
ANC	Ante Natal Clinic
PNC	Post Natal Clinic
HMIS	Hospital Management Information System

2. Entity Information and Management

(a) Background information

Karatu Hospital is a level 4 hospital established under gazette notice Vol. CXVI No.103 dated 29th August 2014 and is domiciled in Kiambu County under the health Department. The hospital is governed by a Board of management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital are to offer the highest attainable quality health care to our patients/clients with dignity and utmost professionalism within the shortest time possible. We endeavour to be a healthcare system/centre that is accessible and available for every Kenyan.

Vision

To provide an efficient, effective, and high-quality health care system that is accessible, equitable and affordable for every person in Kiambu County.

Mission

To provide health services that is equitable, accessible, and accountable to the people of Kiambu County through participatory Leadership.

Mandate of the Department

To provide health services, create an enabling environment, regulate, and set standards and policy for health service delivery.

Core Function

Policy Formulation and Implementation

Preventive and Promote Health Services

Curative and Rehabilitative Health Services

Standards and Regulations

Monitoring and Evaluation of provision of Health care services

(c) Key Management

The hospital’s management is under the following key organs:

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Dr. Evelyn Mungai
2.	Head of Finance	Lucy Ng’ang’a
3.	Head of Administration	Catherine Koome
4.	Head of Laboratory	Kelvin Gakuo
5.	Head of Pharmacy	Simon Ngugi
6.	Public Health Officer	John M. Ngugi
7.	Nurse in Charge	Judy M. Kuria

(e) Fiduciary Oversight Arrangements

This is made up of the following committees:

Clinical Research and Standards Committee.

They are independent bodies mandated to review and approve all aspects of a clinical trial protocol before it commences. Their primary goal is to protect the rights, safety, and welfare of trial participants, ensuring that the potential benefits of the research outweigh any risks.

Audit committee

An audit committee is a subcommittee of a company’s board members that oversees financial reporting, risk management, and compliance processes. Composed of independent directors with relevant expertise, the audit committee acts as a key safeguard to ensure transparency, integrity,

and accountability in a company's financial operations. Here are some of its roles and responsibilities.

- Oversight of financial reporting
- Monitoring of accounting policies
- Oversight of external auditors
- Regulatory compliance

Risk Committee

A risk committee is an independent panel or team put together by the board of directors to assist in overseeing the organization's risk strategy and creating an effective risk management framework that guards against major losses.

Risk Committee Roles and Responsibilities

1. Risk Oversight- A risk committee's efforts should ultimately center on the group's fundamental purpose: providing an independent layer of risk oversight to the organization's actions. ...
2. Setting Risk Appetite and Strategy
3. Reviewing Risk Policies and Controls
4. Reporting and Communication
5. Compliance and Regulatory Adherence

County Assembly

The County Assembly roles are to represent citizens, exercise the legislative authority of the County Government and oversight the County Executive. It comprises elected and nominated members referred to as Members of the County Assembly (MCAs). The elected members represent and are elected by the citizens at the County Ward.

Parliamentary committees

A parliamentary committee is a group of members of parliament, appointed by one or both houses of parliament to undertake specific tasks. These committees investigate issues, proposed laws, and other matters in details, and have considerable powers to work on behalf of the parliament.

Their roles and responsibilities are;

- Gathering input from various sources.
- Discussing issues in depth.
- Allowing public participation in the legislative process.
- Helping parliamentarians consider bills, study issues, and review policies.
- Conducting inquiries and investigations.

Other oversight committees

There are no other committees in operation, other than those above.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 84-01030
Gatundu, next to Karatu Police Station and Ndarugu Primary School

(g) Entity Contacts

Telephone:
(+254) 769 818433
Email karatuhc@gmail.com
Kiambu.go.ke

(h) Entity Bankers

Kenya Commercial Bank-A/C -1118019970-FIF- Gatundu Branch
A/C-1256632805-NHIF-Gatundu Branch
Family Bank A/C -001000068742-REVENUE-Kiambu Branch

(i) Independent Auditors

Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Advisor




The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

(k) County Attorney




P.O. Box. 2344-00900
Kiambu, Kenya

3. The Board of Management




The following people served as the Hospitals Board of Management during the period. They are new BOD members having been elected by the CEC Health, Kiambu county government in to office on 13th March 2025, through a Gazette notice Vol. CXXVII-No. 53 dated 14th March 2025. They are to serve for a period of 3 years with effect from 13th March 2025.

Ref	Directors	Details
1	 Bishop Peter Ng'ang'a Kamau Diploma in Marketing Board Chairperson	Chairperson of the executive board. Appointed by the county minister of health. <u>Duties</u> <ul style="list-style-type: none"> ✓ Oversee the perfect running of the hospital ✓ Chairing the board meetings ✓ Approve yearly budget ✓ Follow up on the budget implementation ✓ Signing financial reports
2	 Rose Wangari Njuguna Bachelor of Education-Former Principal Board Vice Chairperson	Board vice chairperson appointed by the minister of health. Farmer and retired teacher. <u>Duties</u> <ul style="list-style-type: none"> ✓ Attend meetings ✓ Assist the Chairman in Management ✓ Approve annual budget ✓ Follow up on the budget implementation
3	 Dr. Evelyn W. Mungai	Medical superintendent of the hospital and a county employee. Appointed by the chief officer of health Kiambu County. Secretary to the board. <u>Duties</u> <ul style="list-style-type: none"> ✓ Attend meetings ✓ Taking minutes during board meetings ✓ Approve yearly budget




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Annual Report and Financial Statements for The Year Ended 30th June 2025

	<p>MBCHB holder Medical Superintendent and Board Secretary</p>	<ul style="list-style-type: none"> ✓ Follow up on the budget implementation ✓ Singing of financial reports
4	 <p>Sarah Wairimu Kinyanjui Retired Nurse K.C.E Division Three Board Member</p>	<p>Board member and community leader. Appointed by the minister of health. Currently a farmer</p> <p><u>Duties</u></p> <ul style="list-style-type: none"> ✓ Attend meetings ✓ Approve yearly budget ✓ Follow up on the budget implementation
5	 <p>Mrs. Grace Wanjiru Njoroge Board Member</p>	<p>Board member and community leader. Appointed by the minister of health.</p> <p><u>Duties</u></p> <ul style="list-style-type: none"> ✓ Attend meetings ✓ Approve yearly budget ✓ Follow up on the budget implementation
6	 <p>Rev. Paul Njoroge Gathura Board Member</p>	<p>Board member and community leader. Appointed by the minister of health.</p> <p><u>Duties</u></p> <ul style="list-style-type: none"> ✓ Attend meetings ✓ Approve yearly budget ✓ Follow up on the budget implementation

4. Key Management Team

Ref	Management	Details
1.	 <p>Dr. Evelyn W. Mungai MBCHB holder Medical superintendent</p>	<p>Medical superintendent of the hospital and chair of the management team. MBCHB holder.</p> <p><u>Duties include:</u></p> <ul style="list-style-type: none"> ✓ Attending patients for treatment. ✓ Overall supervision at the hospital. ✓ Chairing HMT meetings held at the hospital.
2.	 <p>Catherine Kinya Koome Hospital Administrator BBA</p>	<p>Hospital administrative officer (HAO) and member hospital management team.</p> <p><u>Duties include:</u></p> <ul style="list-style-type: none"> ✓ Developing work and leave schedules for staff. ✓ Ensuring effective running of daily facility activities. ✓ Keeping detailed records of medical and legal documents. <p>Acts as the secretary during the HMT meetings by taking minutes.</p>
3.	 <p>Lucy W. Ng'ang'a Accountant In-charge CPA-K, BBM Finance & Banking</p>	<p>Certified Public Accountant (CPA-K) and member of hospital management team.</p> <p><u>Duties include:</u></p> <ul style="list-style-type: none"> ✓ Overseeing revenue collection ✓ Supervising revenue staff ✓ Budgeting, bank reconciliations & cash book preparations ✓ Prepare suppliers payment and casuals wages ✓ Control expenditure

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4.	 John M. Ngugi Public Health Officer Diploma in Public Health	Public health officer and member of hospital management team. <u>Duties include:</u> <ul style="list-style-type: none"> ✓ Hold seminars to educate the public on various health matters. ✓ Overseeing the public health department operations ✓ Supervising the general cleanliness of the hospital and its surroundings.
5.	 Simon Ngugi Pharmaceutical Technologist	Pharmaceutical technologist and member hospital of management team. <u>Duties include:</u> <ul style="list-style-type: none"> ✓ Issuing medicine to patients ✓ Managing all pharmacy operations ✓ Ordering and Receiving medical supplies ✓ Doing stock takes
6.	Kelvin Gakuo Laboratory Technician MLT	Laboratory technician and a Member of hospital management team. <u>Duties include:</u> <ul style="list-style-type: none"> ✓ Carrying out lab tests for patients ✓ Overall management of the lab ✓ Ordering and Receiving lab supplies. ✓ Doing stock take when required.
7.	 Judy Kuria Registered Nurse-KRCHN Nurse Incharge	Nurse in charge and hospital management team member <u>Duties include:</u> <ul style="list-style-type: none"> ✓ Preparing duty rotas for all nursing staff ✓ Preparing end month nursing reports ✓ Supervising the nursing staff ✓ Ordering, Receiving and issuing non-pharms.

5. Chairman's Statement

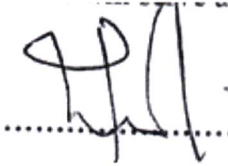
Karatu Level 4 hospital has continued to grow despite the numerous challenges that have befallen the hospital in the past. Over the financial year 2024/2025, the previous board members held one meeting before the new board was appointed on 13th March 2025.

The new board members held one meeting in the financial year 2024/2025 where we were able to have a status report of the facility and brainstormed on the various ways to improve services offered at the facility as well as generate revenue and enhance growth of the facility to enable it to meet its obligations to the population. Permission to cut down matured trees that were posing a risk to the infrastructure and people within the facility was sought and authority was given by the chief officer of water, environment, natural resources, energy and climate change. Planning around the same is still ongoing for the betterment of the facility. This will help generate revenue as well as allow replacement of the old trees with indigenous species that don't overgrow.

There has been great improvement in workload and revenue due to the primary health care offered under SHA. The board looks forward to continued increase in revenue collection as well as giving the best services to the community. Shortage of human resource is noted with few clinical officers and nurses to attend to patients. There is also lack of support staff to help with laundry and kitchen as the two who were previously there have since retired. The board hopes to continually engage the county in regards to this matter so that we ensure continued quality care of our patients.

The board is committed to offer the best leadership, oversight and guidance, ensuring the facility serves the population it is obligated to. Karatu Level 4 Hospital has great potential to grow bigger and better and to the standards of a

Level 4 Hospital and we believe that the transformation will happen within this period we will serve as the board of the hospital.

A handwritten signature in black ink, appearing to be 'Peter Ng'ang'a Kamau', written over a dotted horizontal line.

Bishop Peter Ng'ang'a Kamau

Chairman to the Board

6. Report of The Medical Superintendent

Karatu Level 4 hospital has been improving in services offered to the community since its Gazettement as a Level 4 Hospital. However, it does not meet the standards of a level 4 facility based on KQMH. Commitment and good will from the county leadership to invest in all health systems within the facility is needed in order to realise its full potential.

The year 2024/2025 had a few challenges including the integration of HIV services to the outpatient services. Initially this was a donor funded service and the services were carried out by the staff provided by the donor. However due to the cuts in the donor funding, as a facility we have had the transition and the services are now offered by county staff with little support from the donor.

The facility had a challenge initially with the transition from NHIF to SHA as the community were reluctant to accept the insurance. However, there is now a smooth running of SHA services and the facility is now offering free PHC to patients registered under SHA.

The workload as well as the revenue collection in the financial year 2024/2025 has been gradually improving. The facility shall tap into the primary health care fund covered by social health Authority to improve health services and revenue standing.

There is dire need to renovate the current infrastructure and carry out expansion to accommodate services commensurate with a level 4 facility. A face lift of the facility will improve the perception of the community to the hospital. Some of the services/infrastructure that needs to be established within the facility include but not limited to:

- Establishment of inpatient services for medical, surgical, pediatric and obstetric patients, fully supported by infrastructure and human resource.
- Construction and establishment of a theatre for obstetric/gynecological and surgical procedures
- Establishment of medical imaging department (Ultrasound and X-ray services)
- Provision of rehabilitative services (Physiotherapy, occupational therapy, ortho-trauma interventions)

- Establishment of a dental, ENT, eye units
- Establishment of catering, laundry units.
- Deployment of missing key personnel (Procurement officer, health records)
- Procurement of an ambulance dedicated to the facility to ease referral Services.

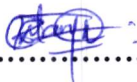
The hospital still operates with a critical shortage of staff. In its inventory the hospital has 1 medical officer who is the in-charge and also the SCMOH, 1

administrator, 2 clinical officer, 6 nurses, 2 pharmaceutical technologist, 2 laboratory technologist, 1 public health officers, 1 accountant, 2 data clerks, 2 staff in the CCC department, and 4 casuals totalling to 24 staff. Engagements are still ongoing with the county government to address the human resource gaps.

The year 2024/2025 had a few challenges including the integration of HIV services to the outpatient services. Initially this was a donor funded service and the services were carried out by the staff provided by the donor. However due to the cuts in the donor funding, as a facility we have had the transition and the services are now offered by county staff with little support from the donor.

Karatu level 4 hospital management team in collaboration with the management board continue to work together to ensure progressive upgrade of the facility is sustained in order to meet KQMH standards. This is through engagement with the county leadership and other stakeholders.

The management shall endeavour to continually improve the scope and quality of health services to the community while adhering to existing laws, policies and guidelines that govern health care systems.



.....
Dr. Evelyn W. Mungai

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Karatu level 4 Hospital has strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024-2025. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1: Curative and Preventive Health

Pillar/theme/issue 2: General Administration

Karatu level 4 hospital develops its annual work plans based on the above pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2024/2025 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1: Curative and Preventive Services	To provide effective ,efficient ,curative and preventive services .To conduct long term FP outreaches	MOH Registers Out Patient Files	Primary facility of general outpatient services. Specialized outpatient services. Reproductive Maternal, Neonatal Child health services and child immunization.	Increase of patients being attended. Improved health care.
2: General Administration Planning Management	To manage and coordinate health services.	Taking minutes in meetings for record/reference purposes.	On job trainings and support supervisions.	Holding effective board meetings to evaluate progress.

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support and coordination.	To conduct health sector planning, budgeting and monitoring and evaluation.	Procurement of required items for smooth service delivery.		
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8. Corporate Governance Statement

The year 2024/2025 was occasioned by the appointment of new board members.

The board members were appointed by the CEC health in accordance to Kiambu county Health services Act No 2 of 2019, vide gazette notice No. 3368 dated 13th March 2025.

The board roles include:

- a) Provide oversight over general administration of the hospital
- b) Promote the development of the hospital
- c) Recommend to the Executive Member plans and programs for implementing the county health strategies in the hospital
- d) Recommend to the Executive Member budget estimates
- e) Establishing a hospital- community participation and feedback platform
- f) Assessing the delivery of services at the hospital and advice the Executive Member
- g) Monitoring the hospital performance against the set targets and advice the Executive Member
- h) Carrying out any other function that may be assigned by the Executive Member

In the financial year 2024/2025, changes in the management of the facility were made which included transfer of the medical superintendent to Githurai Sub County in February 2025. The new board was also appointed and was able to hold one meeting within that financial year. During the meeting, the medsup was able to welcome the new board members and show them around the hospital. During the meeting, the board agreed that half of the hospital land that had been bare for several months be utilized by the community for farming and half to be shared among the interested staff as well as a kitchen garden for the hospital. An income generating activity was also discussed, which involved seeking approval for the cutting down the old matured trees that were posing a risk to the infrastructure. The board agreed that the trees would then be sold as timber for income to the hospital. The authorization letter was given by the chief officer of water, environment, natural resources, energy and climate change and the hospital awaits direction from the CEC health on how to dispose the timber.

A handover meeting by the previous board to the new board is also underway, as

the new board felt the need to know exactly where the previous board members left the hospital at as this will ensure a smooth transition in the governance.

The board of management of Karatu level 4 hospital has routinely set targets and seeks to review the implementation progress of the targets at its subsequent meetings, this has helped it realize its transformation objectives for the hospital notably the equipping of the hospital's laboratory, to modern level 4 standards has been achieved under the board's leadership. There exists a harmonious cordial working relationship among all the board members which has greatly helped the board realize its mandate.

Of critical importance is the board's role in providing financial leadership and oversight to the hospital management with advice on resource allocation, monitoring of resource use and self-auditing of the above processes. To this effect the board must approve the annual hospital budget in its sittings in June and advice accordingly. This has always been the case with our board at Karatu level 4 hospital. Members may be removed from the board of management in below scenarios:

1. Under the advice of the Minister of Health Kiambu County
2. If a board member fails to attend three consecutive board meetings
3. If a board member is found to have engaged in criminal activity by a competent court of law
4. If a board member is imprisoned for more than 6 months
5. If there exists conflict of interest, the board member may declare the interest and asked to resign or advised accordingly.
6. If a board member voluntarily resigns in a letter addressed to the board chairman.

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The Executive Committee at the County Health Management Team held a meeting on 21/3/2022 and recommended the health facilities to pay sitting allowances as guided by the circular- Ministry of state for public service- REF NO MSPS 2/1A/VOL.XI (121) dated 2nd November 2010. These guidelines are to be used until the SRC provides a revised guideline. This circular provided for the Board remuneration as follows:

Item	Chairperson	Members
<i>Sitting Allowance</i>	4,000	2,500
<i>Meals</i>	500	500

Regards,



Dr. Evelyn Mungai
The Medical Superintendent

9. Management Discussion and Analysis

Clinical/operational performance

Total Bed capacity of the hospital is 24, distributed as follows.

- ✓ 12 beds in the maternity ward, 10 are operational and 2 are faulty.
- ✓ 6 beds in the male wards,
- ✓ 6 beds in the female ward.

The hospital does not offer inpatient services at the moment except for maternity.

Outpatient attendance was an overall of 8,508 patients being a drop from 11,022 patients in 2023/2024.

Special Clinics (NCD) overall attendance was 423 patients having gone up from 329 in 23/24.

Accidents and emergencies were zero

Average Length of stay for in patients is 3 days-for maternity

Bed occupancy rate is 2

Mortality rate was zero

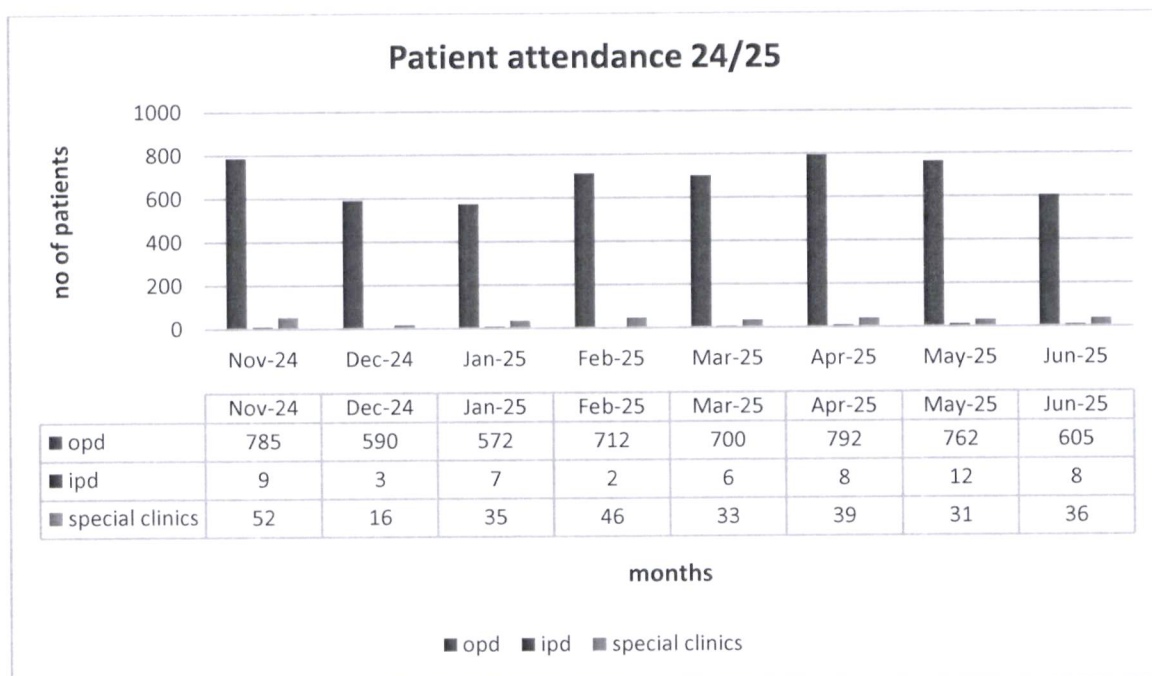
Surgical theatre utilisation- No Theatre

Sponsorship and Partnerships- LVCT-Liverpool Voluntary Counselling & Testing which has been there but have since been reduced from Jan 2025

Major challenges facing the hospital is lack of resources to perform both operational and financial activities.

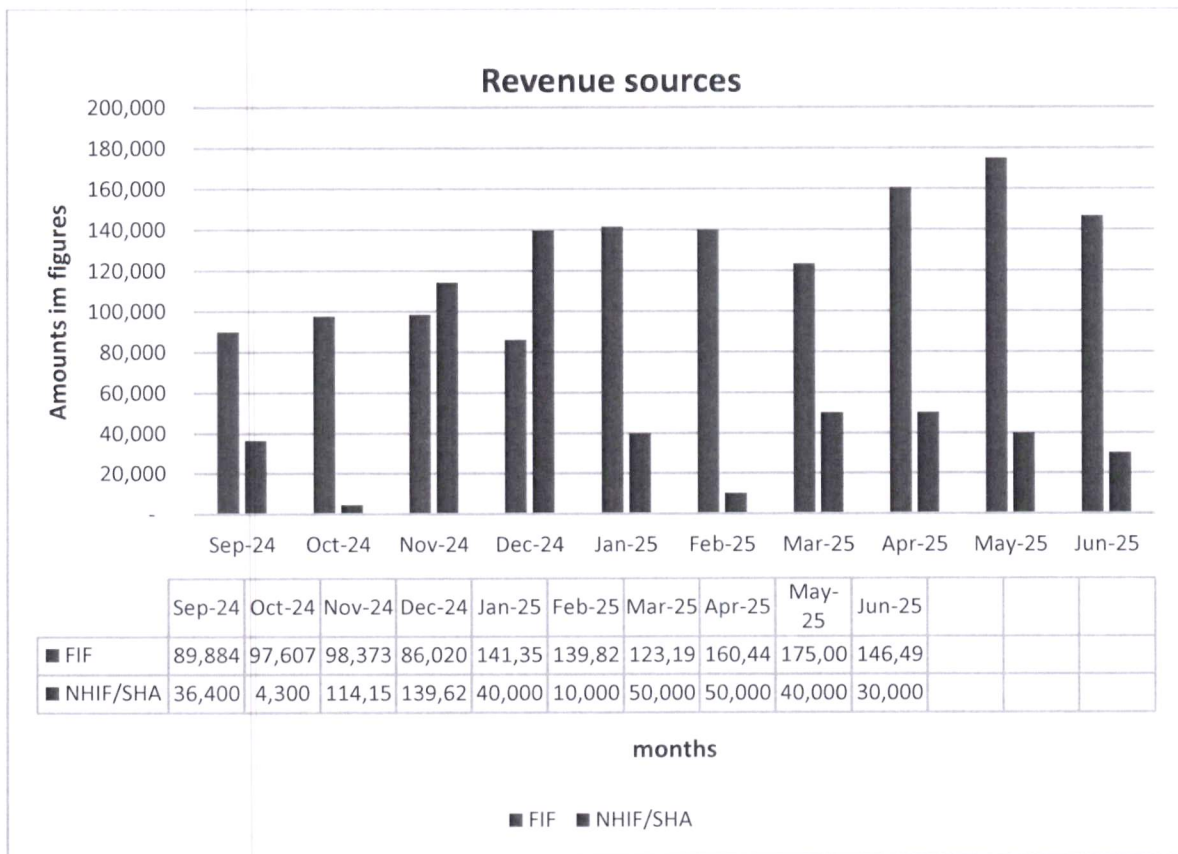
The patient attendance-workload and the revenue status are explained by the graphs below.

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Financial performance that includes: -

- The facility relies on 2 major sources of revenue i.e.
 FIF- Patient payments via Paybill and
 SHA through the PHC, SHIF and ECCIF and MCH services i.e (ANC clinics, Deliveries and PNC).
 The average revenue from OPD was Ksh.129,908, being an improvement from last fin yr which was 114,000 while that from SHA was an average of Ksh45,636 which was a downward trend from last financial year, which was 112,000. This was as a result of slow registration and use of SHA by patients.
- Funds were utilized through payment of salaries, purchase of medicine, payment of utilities such as electricity, water and payment of suppliers for providing operation and administrative supplies.



10. Environmental And Sustainability Reporting

Karatu hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability

i) Sustainability strategy and profile

The top management in Karatu level 4 hospital has ensured there is a culture of fair and responsible competition through offering opportunities to all groups in the society such as, youth, women and persons with disability without political Influence guided by set procurement laws, procedures and regulation.

ii) Environmental performance

The hospital has ensured that no environmental hazards are within and outside the hospital. All waste management services are well catered for with a conducive sewage system.

iii) Employee welfare

Employees are deployed from the County Government through the Public Services within their respective departments.

iv) Market place practices-

Karatu level 4 hospital does the following for their market place practices:

a) Responsible competition practice.

All participants are given an equal chance with regards to anti-corruption practices, responsible political involvement, fair competition, and respect for competitors.

b) Responsible Supply chain and supplier relations

The hospital has put in place guidelines on good business practices with its business partners by offering equal competitive business opportunities. The hospital also treats its suppliers with utmost ethics by ensuring equal distribution of available funds, honoring contracts and frameworks.

c) Responsible marketing and advertisement or Responsible engagement with citizens

The hospital has put in pace the following efforts to safeguard its consumer's rights and interests:

- a. Set laws and acts that guides in safeguarding its consumers.
- b. The hospital advocates for compliance.

- c. Right to goods and services equally.
- d. Rights to information necessary to them.

d) Product stewardship or Awareness Creation

REPORT ON PRODUCT STEWARDSHIP AND CITIZEN RIGHTS AWARENESS

1. Introduction

This report highlights the efforts undertaken to safeguard consumer rights and interests as well as citizens' rights in accessing essential services. The primary objectives include ensuring health and safety, providing adequate product and service information, establishing dispute resolution and redress mechanisms, and protecting consumer and citizen data and privacy. These measures align with the Kenyan Constitution (2010), the Consumer Protection Act (2012), the Data Protection Act (2019), and other relevant laws.

2. Protection of Health and Safety

- Product Testing and Certification:
 - All products must comply with the Kenya Bureau of Standards (KEBS) quality and safety requirements before being allowed in the market.
 - Hazardous substances, allergens, and expiry dates must be indicated on packaging.
- Consumer Awareness:
 - Awareness campaigns on safe handling, usage, and disposal of products.
 - Consumer education programs in collaboration with media, NGOs, and government agencies.

3. Providing Adequate Product and Service Information

- Product Information:
 - Labels to include clear usage instructions, safety warnings, and expiration details.
 - Digital solutions such as QR codes to verify authenticity and traceability.
- Service Information:

- Clear and accessible information for public services such as NHIF, NSSF, ID application, passport issuance, logbook registration, electricity and water connection.
- E-Government portals and mobile applications (eCitizen) to provide easy access to service details.

4. Dispute Resolution and Redress

- Complaint Handling:
 - Toll-free hotlines, online complaint forms, and customer care desks for grievances.
- Alternative Dispute Resolution (ADR):
 - Mediation and arbitration frameworks for quick and cost-effective conflict resolution.
- Refund and Replacement Policies:
 - Clear policies on refunds, replacements, or repairs for defective products.

5. Consumer Data and Privacy Protection

- Compliance with Data Protection Act:
 - Organizations must implement policies for secure collection, storage, and processing of
 - Personal data
- Cybersecurity Measures:
 - Encryption, multi-factor authentication, and secure servers to prevent data breaches.
- Transparency:
 - Inform consumers about the purpose of data collection and provide consent options

6. Safeguarding Citizens' Rights and Interests in Public Services

- Access to Essential Services:
 - Provision of accurate information regarding application processes for NHIF, NSSF, IDs, passports, vehicle logbooks, electricity and water)

v) Corporate Social Responsibility / Community Engagements

There were no Corporate Social Responsibility (CSR) activities carried out in the reporting period by the facility. We however plan to have such activities in the coming years.

11. Report of The Board of Management

The board members submit their report together with the audited financial statements for the year that ended June 30th, 2025, which show the state of the hospital's affairs.

Principal activities

The principal activities of the entity is to provide good health services to the patients/clients visiting Karatu Hospital.

Results

The results of the entity for the year ended June 30th 2025 are set out on pages 1 to 10.

Board of Management

The members of the Board who served during the year are shown on page viii and ix.

Auditors

The Auditor General is responsible for the statutory audit of the hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....
Dr. Evelyn W. Mungai

Secretary to the Board

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 and the Kiambu County Health Act requires the Board of Management to prepare financial statements in respect of that hospital which give a true and fair view of the state of affairs of the hospital at the end of the financial year/period and the operating results of the hospital for the year 2024/2025. The Board of Management is also required to ensure that Karatu Level 4 keeps proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The council members are also responsible for safeguarding the assets of the hospital.

The Board of Management is responsible for the preparation and presentation of the hospital's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year ended on June 30th, 2025. This responsibility includes:

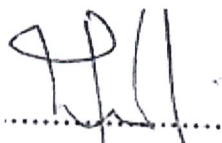
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity,
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) Safeguarding the assets of the hospital;
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the hospitals financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the hospitals financial statements give a true and fair view of the state of hospital's transactions during the financial year ended June 30, 2024, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the Karatu hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 20/8/2025 and signed on its behalf by:



Bishop Peter Ng'ang'a Kamau

**Chairperson
Board of Management**



Dr. Evelyn W. Mungai

Accounting Officer



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KARATU LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF KIAMBU

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Karatu Level 4 Hospital - County Government of Kiambu set out on pages 1 to 65, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison

Report of the Auditor-General on Karatu Level 4 Hospital for the year ended 30 June, 2025 - County Government of Kiambu

of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Karatu Level 4 Hospital - County Government of Kiambu as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Inaccuracies in the Statement of Cash Flows and Revenue from Non-Exchange Transactions

The statement of financial position reflects cash and cash equivalents balance of Kshs.373,317 as disclosed in Note 27 to the financial statements. However, the statement of cash flows reflects cash and cash equivalents balance of Kshs.294,478 resulting in unreconciled variance of Kshs.78,839. In addition, the statement of cash flows reflects transfers from the County Government of Kshs.1,751,787 which was not disclosed in the statement of financial performance resulting in understatement of revenue from non-exchange transactions by Kshs.1,751,787.

In the circumstances, the accuracy and completeness of cash and cash equivalents and revenue from non-exchange transactions could not be confirmed.

2. Undisclosed Property, Plant and Equipment

The statement of financial position reflects a Nil balance of property, plant and equipment. However, the Hospital owns various assets which include land and buildings, specialized and non-specialized medical equipment, furniture and fittings which were not included in the financial statements. Further, the title deed for the land where the Hospital is built was not provided for audit review.

In the circumstances, the accuracy, completeness and ownership of the Nil property, plant and equipment balance could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Karatu Level 4 Hospital – County Government of Kiambu Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted receipts and actual on comparable basis of Kshs.6,406,670 and Kshs.2,575,697 respectively resulting in under funding of Kshs.4,254,225 or approximately 66% of the budget.

The underfunding may have affected planned activities impacting negatively on service delivery.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance.

Review of the status during audit of the Hospital in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Undisclosed Property, Plant and Equipment
2	2023/2024	Management of Pharmaceuticals and Non-Pharmaceuticals
3	2023/2024	Missing Assets/Items
4	2023/2024	Non-Disposal of Unserviceable Assets

Other Information

The Management is responsible for the Other Information set out on pages iii to xxix which comprise of Key Entity Information and Management, the Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital's financial statements, my responsibility is to read the other information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of the Hospital's records and physical inspection in the Hospital on services offered, equipment used and availability of medical specialists revealed that the Facility did not meet the Kenya Quality Model for Health Policy guidelines due to staff deficit by ninety-four (94) or approximately 93% of the authorized establishment.

Staffing Requirements	Level 4 Requirement	Number in Hospital	Variance	Percentage %
Medical Officers	16	1	15	94
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	0	2	100
Registered Community Health Nurses	75	6	69	92
Total	101	7	94	93

In addition, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below:

Equipment & Machines	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Incubators (Newborn)	5	0	5	100
Cots	5	0	5	100
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal Unit with Dialysis Machines	5	0	5	100
Bed Capacity	150	24	126	84

The deficiencies contravene the First schedule of the Health Act, 2017 and imply that accessing the highest attainable standard of health which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

In the circumstances, the Hospital will not be able to deliver on its mandate.

2. Non-Compliance with Public Procurement Capacity Building Levy

Review of documents revealed that the Hospital did not deduct the mandatory levy of 0.03% from all contracts signed after 1st September, 2024 contrary to the requirements of Legal Notice No.206 of 2023, The Public Procurement Capacity Building Levy Order, 2023. Additionally, a summary of contracts signed after 1 September, 2024 was not provided for audit review.

In the circumstances, Management was in breach of the law.

This is contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that monies raised or received by or on behalf of Public Health Facilities be retained by the Facility and be paid into a separate facility improvement financing account.

3. Failure to Retain Facilities Improvement Funds (FIF) at the Hospital

Review of revenue records obtained from the Hospital revealed that the Facility collected a total Kshs.2,152,445 towards the health facilities improvement which was transferred to County Revenue Fund. However, the County Treasury reimbursed a total of Kshs.1,751,787 to the Hospital resulting in a deficit of Kshs.400,658. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that monies raised or received by or on behalf of Public Health Facilities be retained by the Facility and be paid into a separate facility improvement financing account.

In the circumstances, Management of the County Executive was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Irregular Inter-Transfer of Pharmaceutical Supplies

Review of stores documents revealed that the Hospital dispatched pharmaceuticals of undetermined value to Gatundu Level 5 Hospital without any authority or internal policies regarding inter-Hospital borrowing of pharmaceuticals.

In the circumstances, the effectiveness of internal controls on the management of pharmaceuticals could not be confirmed.

2. Inefficiencies in Governance by the Board

Review of the Boards' operations revealed that there were no regulations prescribed to guide its operation. The Board operated without guidelines outlining its roles, responsibilities and functions including the constituted Committees and there was no approved work plan for its operations.

In the circumstances, the effectiveness of the Hospital's governance could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and the Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to terminate the Hospital or to cease its operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Management is responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 December, 2025

Karatu Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

14. Statement of Financial Performance for The Year Ended 30 June 2025

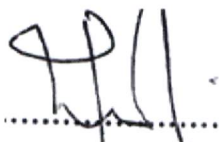
Description	Notes	Fin yr.24/25 Kshs	Fin yr.23/24 Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	423,252	591,925
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		423,252	591,925
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	2,152,445	2,717,467
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
		2,152,445	2,717,467
Total revenue		2,575,697	3,309,392
Expenses			
Medical/Clinical costs	15	999,564	1,190,068
Employee costs	16	1,162,401	928,103
Board of Management Expenses	17	33,000	78,000
Depreciation and amortization expense	18	0	-
Repairs and maintenance	19	0	0
Grants and subsidies	20	0	
General expenses	21	346,726	286,769
Finance costs	22	-	

Karatu Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

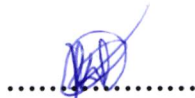
Total expenses		2,541,691	2,482,940
Other gains/(losses)			
Gain on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus for the year		34,007	826,452

(The notes set out on pages 11 to 58 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 20/08/2025 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:34382



Medical Superintendent

Karatu Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

15. Statement of Financial Position As At 30th June 2025

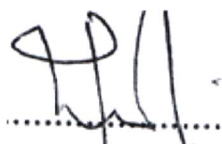
Description	Notes	2024/25	2023/24
		Kshs	Kshs
Assets			
<u>Current assets</u>			
Cash and cash equivalents	27	373,317	263,483
Prepayments	28	-	-
Receivables from exchange transactions	29	1,261,664	552,033
Receivables from non-exchange transactions	30	-	-
Inventories	31	1,514,731	1,568,148
Total Current Assets		3,149,712	2,383,664
<u>Non-current assets</u>			
Property, plant, and equipment	32	-	-
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	-	-
Total Non-current Assets		-	-
Total assets(A)		3,149,712	2,383,664
Liabilities			
<u>Current liabilities</u>			
Trade and other payables	36	491,407	878,355
Refundable deposits from customers/Patients	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		491,407	878,355
<u>Non-current liabilities</u>			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-
Service concession liability	42	-	-
Total Non-current liabilities		-	-

Karatu Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Total Liabilities (B)		491,407	878,355
Net assets (A-B)		2,658,305	1,505,309
<u>Represented by:</u>			
Revaluation reserve		-	-
Accumulated surplus/Deficit		860,459	1,753,855
Capital Fund		-	-
Net Assets		1,351,866	1,753,855

(The notes on pages 11 to 58 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 20/8/2025 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:34382



Medical Superintendent

16. Statement of Changes in Net Assets for The Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)	-	-	-	
Revaluation gain	-		-	
Surplus/(deficit) for the year	-	826,452	-	826,452
Capital/Development grants	-		-	
As at June 30, 2024 (previous year)	-	826,452	-	826,452
At July 1, 2024 (current year)	-	826,452	-	826,452
Revaluation gain	-	-	-	
Surplus/(deficit) for the year	-	34,007	-	34,007
Capital/Development grants	-	-	-	
At June 30, 2025 (current year)	-	860,459	-	860,459

Karatu Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

17. Statement of Cash Flows for The Year Ended 30 June 2025

Description		2024/25	2023/24
		Kshs	Kshs
<u>Cash flows from operating activities</u>			
Receipts			
Transfers from the County Government		1,751,787	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income			2,717,467
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts-In kind contribution expenses		423,252	0
Total Receipts		2,175,039	2,717,467
Payments			
Medical/Clinical costs		675,987	1,190,068
Employee costs		1,087,581	928,103
Board of Management Expenses		16,500	78,000
Repairs and maintenance		0	0
Grants and subsidies		0	0
General expenses		346,726	286,769
Finance costs			
Refunds paid out			
Total Payments		2,126,794	2,482,940
Net cash flows from operating activities	43	48,245	234,527
<u>Cash flows from investing activities</u>			
Purchase of property, plant, equipment		0	0
Purchase of intangible assets		0	0
Proceeds from the sale of property, plant, and equipment		0	0

Karatu Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Acquisition of investments		0	0
Net cash flows used in investing activities		48,245	234,527
<u>Cash flows from financing activities</u>			
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Capital grants received		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		48,245	234,527
Cash and cash equivalents as at 1st July 2024	27	246,233	11,706
Cash and cash equivalents as at 30th June 2025	27	294,478	246,233

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	0	0	0	0	0	0
Grants from donors and development partners	0	0	0	0	0	0
Transfers from other Government entities	0	0	0	0	0	0
Public contributions and donations	0	0	0	0	0	0
Rendering of services- Medical Service Income	6,406,670	0	6,406,670	2,152,445	4,254,225	33.60
Revenue from rent of facilities	0	0	0	0	0	0
Finance / interest income	0	0	0	0	0	0
Other receipts (<i>specify</i>) <i>Inkind</i>	0	0	0	423,252	0	0
Total income	6,406,670	0	6,406,670	2,575,697	4,254,225	40.20
Expenses						
Medical/Clinical costs	2,050,000	0	2,050,000	999,564	1,050,436	49
Employee costs	1,250,000	0	1,250,000	1,087,581	162,419	87
Purchase of Computers, Printers	214,425	0	214,425	0	214,425	0
Purchase of Beddings & Linen	70,000	0	70,000	0	70,000	0
Sanitary and Cleaning Materials, Supplies and Services	300,000	0	300,000	0	300,000	0
General expenses	715,000	0	715,000	346,726	368,275	48
Other Fuels (charcoal, cooking gas etc...)	70,000	0	70,000	0	70,000	0
Maintenance of Building and stations	100,000	0	100,000	0	100,000	0

Karatu Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Maintenance of Plant,Machinery and Equipment	200,000	0	200,000	0	200,000	0
Refurbishment of Non-residential buildings	438,245	0	438,245	0	438,245	0
Food and Rations	450,000	0	450,000	0	450,000	0
General Office Supplies	100,000	0	100,000	0	100,000	0
Boards, Committees, Conferences and Seminars	100,000	0	100,000	16,500	83,500	16.5
Maintenance of Office Furniture and Equipment	149,000	0	149,000	0	149,000	0
Telephone &mobile services	100,000	0	100,000	0	100,000	0
Travel Allowance	70,000	0	70,000	0	70,000	0
Catering Services,accomodation,gifts	30,000	0	30,000	0	30,000	0
Totalexpenditure	6,406,670	0	6,406,670	2,450,371	3,956,300	38.25
Surplus for the period	0	0	0	125,327	-125,327	#DIV/0!
Capital expenditure						

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	Reason for differences	
2	Reason for differences	
3	Reason for differences	
4	Reason for differences	
	Closing Cash and Cash Equivalent as per the statement of Cash flows	294,478

19. Notes to the Financial Statements

1. General Information

Karatu Level 4 Hospital is established by and derives its authority and accountability from Kiambu County Health Act 2019. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to offer medical services to patients

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the hospital's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital.

The financial statements have been prepared in accordance with the PFM Act, and *Kiambu County Health Act*, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025

There were no new and amended standards issued in the financial year.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously</p>

Standard	Effective date and impact:
	<p>excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 24/25.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net

carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY2024/2025 was approved by Board on. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the hospital's recorded additional appropriations of on the FY 24/25 budget following the Board's approval. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts, and the actuals as per the statement of cash flows.

c. Taxes

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

d. Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of ~~xxx~~ years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)

f. Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

Notes to the Financial Statements (Continued)

h. Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i. Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- The asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

j. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

k. Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour, and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower cost and the current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

l. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Notes to the Financial Statements (Continued)

m. Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

n. Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

o. Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

p. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements. *(Entity to state the reserves maintained and appropriate policies adopted.)*

q. Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

s. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

t. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when

construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

v. Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

x. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

y. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30th, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.(IPSAS 1.140)

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	Period 24/25	Period 23/24
	KShs	KShs
Unconditional grants		
Operational grant		
Level 4/5 grants	1,751,787	1,124,200
Unconditional development grants		
Other grants (<i>specify</i>)		
Conditional grants		
User fee forgone		
Transforming health services for Universal care project (THUCP)		
DANIDA		
Wards Development grant		
Paediatric block grant		
Administration block grant		
Laboratory grant		
Total government grants and subsidies	1,751,787	1,124,200

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period 23/24
			KShs	KShs	KShs
Kiambu County Government	1,751,787				1,124,200
Total	1,751,787				1,124,200

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	Period 24/25	Period 23/24
	KShs	KShs
Salaries and wages	317,484	
Medical supplies-Drawings Rights (KEMSA)		591,925
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)		
Utility bills	105,768	
Total grants in kind	423,252	591,925

8. Grants From Donors and Development Partners

Description	Period 24/25	Period 23/24
	KShs	KShs
Cancer Centre grant- DANIDA		
World Bank grants		
Paediatric ward grant- JICA		
Research grants		
Other grants (<i>specify</i>)		
Total grants from development partners	0	0

8 (a) Grants from donors and development partners (Classification)

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA					
JICA					
World Bank					
Total	0				0

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	Period 24/25	Period 23/24
	KShs	KShs
Transfer from National Government (Ministry of Health)		
Transfer from xxx National Hospital		
Transfer from xxx Institute		
Total Transfers	0	0

10. Public Contributions and Donations

Description	Period 24/25	Period 23/24
	KShs	KShs
Public donations		
Donations from local leadership		
Donations from religious institutions		
Donations from other international organisations and individuals		
Other donations(<i>specify</i>)		
Donations in kind-amortised		
Total donations and sponsorships	0	0

10 (a) Reconciliations of amortised grants

Description	Period 24/25	Period 23/24
	Kshs	Kshs
Balance unspent at beginning of year		
Current year receipts		
Amortised and transferred to revenue		
Conditions to be met – remain liabilities	0	0

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	Period ended 30th June 2025	Period ended 30th June 2024
	Kshs	Kshs
Pharmaceuticals	421,125	
Non-Pharmaceuticals	1,210	
Laboratory	146,750	
Special clinics	36,200	
Psychiatric Revenue	4,000	
Minor Theatre	5,100	
Ear Nose and Throat service	1,000	
Consultations	5,620	
Casualty revenue	2,500	
Pediatrics' services	1,500	
Ambulance services	1,500	
Medical Examinations	10,000	
MCH	76,850	
Medical Records	1,950	
Maternity income	323,800	
Outpatient Services	165,750	
Medical Legal Fees	13,000	
Other medical services income-Nhif	934,590	2,717,467
Total revenue from the rendering of services	2,152,445	2,717,467

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	Period 24/25	Period 23/24
	Kshs	Kshs
Residential property		
Commercial property		
Total Revenue from rent of facilities	0	0

13. Finance /Interest Income

Description	Period 24/25	Period 23/24
	Kshs	Kshs
Interest income from Cash investments and fixed deposits		
Interest income from short- term/ current deposits		
Interest income from Treasury Bills		
Interest income from Treasury Bonds		
Interest from outstanding debtors		
Total finance income	0	0

14. Miscellaneous Income

Description	Period 24/25	Period 23/24
	KShs	KShs
Insurance recoveries		
Income from sale of tender		
Services concession income		
Sale of goods (water, publications, containers etc)		
Write backs (Deposits, payments in advance etc)		
Bad debts recovered		
<i>Others (Specify)</i>		
Total Miscellaneous income	0	0

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	Period ended 30th June 2025	Comparative Period year 23/24
	Kshs	Kshs
Dental costs/ materials		
Laboratory chemicals and reagents	358,998	214,773
Public health activities		
Food and Ration		
Uniform, clothing, and linen		
Dressing and Non-Pharmaceuticals	383,370	383,370
Pharmaceutical supplies	257,196	-
Health information stationery		-
Reproductive health materials		
Surgical Consumables		
Sanitary and cleansing Materials		
Purchase of Medical gases		
X-Ray/Radiology supplies		
Other medical related clinical costs - Drawing rights		704,254
Total medical/ clinical costs	999,564	1,302,397

16. Employee Costs

Description	Period 24/25	Period 23/24
	Kshs	Kshs
Salaries, wages, and allowances		
Contributions to pension schemes		
Service gratuity		
Performance and other bonuses		
Staff medical expenses and Insurance cover		
Group personal accident insurance and WIBA		
Social contribution		
Other employee costs (<i>casual wages</i>)	1,162,401	928,103
Employee costs	1,162,401	928,103

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	Period 24/25	Period 23/24
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	33,000	78,000
Mileage		
Insurance expenses		
Induction and training		
Travel and accommodation allowance		
Airtime allowances		
Total	33,000	78,000

18. Depreciation and Amortization Expense

Description	Period 24/25	Period 23/24
	Kshs	Kshs
Property, plant and equipment		
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization	0	0

19. Repairs And Maintenance

Description	Period 24/25	Period 23/24
	Kshs	Kshs
Property- Buildings		
Medical equipment		
Office equipment		
Furniture and fittings		
Computers and accessories		
Motor vehicle expenses		
Maintenance of civil works		
Total repairs and maintenance	0	0

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	Period 24/25	Period 23/24
	Kshs	Kshs
Community development and social work		
Education initiatives and programs		
Free/ subsidised medical camp		
Disability programs		
Free cancer screening		
Social benefit expenses		
Other grants and subsidies(<i>specify</i>)		
Total grants and subsidies	0	0

21. General Expenses

Description	Period ended 30th June 2025	Comparative Period year 23/24
	Kshs	Kshs
Advertising and publicity expenses		
Catering expenses		-
Waste management expenses		
Insecticides and rodenticides		
Audit fees		
Catering Expenses		-
Consultancy fees		
Contracted services		
Electricity expenses	142,063	120,940
Insurance		
Sanitary and Cleaning Materials	49,680	-
Travel and accommodation allowance		
General office supply	45,632	96,812
Licenses and permits		
Courier and postal services		
Printing and stationery		
Computers, printers & other IT Equipment		

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Bank charges	14,208	14,475
Rent expenses		
Water and sewerage costs	95,143	54,542
Skills development levies		
Telephone and mobile phone services		
Fuel, oil & lubricants		
Institutional appliances		
Other fuel (Charcoal and firewood)		
Internet expenses		
Staff training and development		
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, magazines, and gazette notices		
Library books/Materials		
other operating expenses		
Total General Expenses	346,726	286,769

22. Finance Costs

Description	Period 24/25	Period 23/24
	KShs	KShs
Borrowings (amortized cost) *		
Finance leases (amortized cost)		
Interest on Bank overdrafts/Guarantees		
Interest on loans from commercial banks		
Total finance costs	0	0

23. Gain/Loss on Disposal of Non-Current Assets

Description	Period 24/25	Period 23/24
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
Other assets not capitalised (<i>specify</i>)		
Total gain on sale of assets	0	0

24. Unrealized Gain On Fair Value Investments

Description	Period 24/25	Period 23/24
	KShs	KShs
Investments at fair value		
Total gain	0	0

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	Period 24/25	Period 23/24
	KShs	KShs
Comprehensive care contracts with NHIF/SHA		
Non- Comprehensive contracts care with NHIF/SHA		
Linda Mama Program		
Waivers and Exemptions		
Total Gain/Loss	0	0

26. Impairment Loss

Description	Period 24/25	Period 23/24
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
Investments		
Total impairment loss	0	0

27. Cash And Cash Equivalent

Description	Period 24/25	Period 23/24
	KShs	KShs
Current accounts	373,317	263,424
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others(<i>specify</i>)- Mobile money		
Total cash and cash equivalents	373,317	263,424

Notes to the Financial Statements (Continued)

27 (a). Detailed Analysis of Cash and Cash Equivalents

Description		Period ended 30.6.25	period June 30th 2024
Financial institution	Account number		Kshs
a) Current account			
KCB- FIF	1118019970	88,759	-6257
KCB- NHIF	1256632805	284,557	257,209
Family Bank-Revenue	*001000068742	1	10,472
			-
Sub- total		373,317	263,424
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank –etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(specify)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
Grand total		373,317	263,424

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28. Prepayments

Description	Period 24/25	Period 23/24
	Kshs	Kshs
Insurance		
Rent		
Water		
Internet		
Others specify		
Total	0	0

29. Receivables From Exchange Transactions

Description	Fin yr. 24/25	Fin yr. 23/24
	KShs	KShs
Medical services receivables-FIF	730,764	552,033
NHIF/SHA receivables	530,900	
Other exchange debtors		
Less: impairment allowance		
Total receivables	1,261,664	552,033

Analysis of Receivables From Exchange Transactions

Description	Fin yr. 24/25		Fin yr. 23/24	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	852,214	100%	Paid	%
Between 1- 2 years	409,450	%		%
Between 2-3 years		%		%
Over 3 years		%		%
Total (a+b)	1,261,664	100%		%

30. Receivables From Non-Exchange Transactions

Description	Fin yr. 24/25	Fin yr. 23/24
	KShs	KShs
Transfers from the County Government		
Undisbursed donor funds		
Other debtors (<i>non-exchange transactions</i>)		
Less: impairment allowance		
Total	0	0

Analysis of Receivables From Non-Exchange Transactions

Description	Fin yr. 24/25		Fin yr. 23/24	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year		%		%
Between 1- 2 years		%		%
Between 2-3 years		%		%
Over 3 years		%		%
Total (a+b)		%		%

31. Inventories

Description	Fin yr. 24/25	Fin yr. 23/24
	KShs	KShs
Pharmaceutical supplies	652,46	598,070
Laboratory supplies	50,576	170,170
Non Pharms supplies	811,695	799,908
Linen and clothing supplies		
Cleaning materials supplies		
General supplies		
Less: provision for impairment of stocks		
Total	1,514,713	1,568,148

Detailed disclosure on inventories

	Fin yr. 24/25	Fin yr. 23/24
Opening balance	1,568,148	2,927,879
Additional Inventory in the year		
Inventory expensed in the year		
Write-downs in the year		
Others specify		
Closing balance	1,514,731	1,568,148

Karatu Level 4 Hospital (Kiambu County Government)
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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture and Fittings	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost								
As at 1st July 2024 (beginning of the year)								0
Additions during the year								
Disposals during the year								
Transfers/adjustments during the year								
As at 30th June 2025 (close of the year)								
As at 1st July 2024 (beginning of the year)								
Additions during the period								
Disposals during the period								
Transfer/adjustments during the period								
As at 30th June 2025 (close of the current period)								

Karatu Level 4 Hospital (Kiambu County Government)
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture and Fittings	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
Depreciation and impairment								
As at 1st July 2024 <i>(beginning of the year)</i>								
Depreciation for the year								
Disposals								
Impairment								
As at 30th June 2025 <i>(close of the year)</i>								
As at 1/7/ 2024 <i>(beginning of the year)</i>								0
Depreciation for the period								
Disposals for the period								
Impairment for the period								
Transfer/adjustment during the period								
As at 30/6/ 2025 (close of the current period)								
Net book values								
As at 30/6/ 2024 end of prior year audited								
As at 30/6/2025 (close of the current period)								0

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	Fin yr. 24/25	Fin yr. 23/24
	KShs	KShs
Cost		
At beginning of the year		
Additions		
Additions–Internal development		
Disposal		
At end of the year		
Amortization and impairment		
At beginning of the year		
Amortization for the period		
Impairment loss		
At end of the year		
NBV	0	0

34. Investment Property

Description	Fin yr. 24/25	Fin yr. 23/24
	KShs	KShs
At beginning of the year	0	0
Additions		
Disposals during the year		
Fair value gain		
Depreciation (<i>where investment property is at cost</i>)		
Impairment		
At end of the year	0	0

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Notes to the Financial Statements (Continued)

35. Biological Assets

Description	Fin yr. 24/25	Fin yr. 23/24
	Kshs	Kshs
Trees in a plantation forest		
Animals: Dairy Cattle, Pigs, Sheep		
Others specify		
Total		

36. Trade and other Payables

Description	Fin yr. 24/25		Fin yr. 23/24	
	KShs		KShs	
Trade payables	491,407		878,355	
Employee dues				
Third-party payments (<i>e.g. unremitted payroll deductions</i>)				
Audit fee				
Doctors' fee				
Total trade and other payables	491,407		878,355	
Ageing analysis:	Current FY	% of the Total	Compa rative FY	% of the total
Under one year	491,407	100%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
Total	491,407	%		%

37. Refundable Deposits from Customers/Patients

Description	Fin yr. 24/25		Fin yr. 23/24	
	KShs		KShs	
Medical fees paid in advance				
Credit facility deposit				
Rent deposits				
Others (<i>specify</i>)				
Total deposits	0		0	

Karatu Level 4 Hospital (Kiambu County Government)
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	Fin yr. 24/25	% of the Total	Fin yr. 23/24	% of the Total
Ageing analysis:				
Under one year		%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
Total	0	%	0	%

38. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year				0
Additional Provisions				
Provision utilised				
Change due to discount & time value for money				
Total provisions				
Current Provisions				
Non-Current Provisions				
Total Provisions				0

39. Finance Lease Obligation

Description	Fin yr. 24/25	Fin yr. 23/24
	Kshs	Kshs
Current Lease obligation		
Long term lease obligation		
Total	0	0

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40. Deferred Income

Description	Fin yr. 24/25	Fin yr. 23/24
	KShs	KShs
Current Portion		
Non-Current Portion		
Total	0	0

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Notes to the Financial Statements (Continued)

40 (a) The deferred income movement is as follows:

Description	National govt	Internation al funders/ donors	Public contributio ns and donations	Total
Balance b/f				0
Additions during the year				
Transfers to Capital fund				
Transfers to statement of financial performance				
Other transfers (<i>Specify</i>)				
Balance C/F				0

41. Borrowings

Description	Fin yr. 24/25	Fin yr. 23/24
	KShs	KShs
Balance at beginning of the period		
External borrowings during the year		
Domestic borrowings during the year		
Repayments of external borrowings during the year		
Repayments of domestic borrowings during the year		
Balance at end of the period	0	0

41. (a) Breakdown of Long- and Short-Term Borrowings

Description	Fin yr. 24/25	Fin yr. 23/24
	KShs	KShs
Current Obligation		
Non-Current Obligation		
Total	0	0

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	Fin yr. 24/25	Fin yr. 23/24
	KShs	KShs
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date		
Net carrying amount		
Service concession liability at beginning of the year		
Service concession revenue recognized		
Service concession liability at end of the year	<u>0</u>	<u>0</u>

43. Cash Generated from Operations

Description	Fin yr. 24/25	Fin yr. 23/24
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation		
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Working Capital adjustments		
Increase in inventory		
Increase in receivables		
Increase in deferred income		
Increase in payables		
Increase in payments received in advance		
Net cash flow from operating activities	48,245	234,527

Notes to the Financial Statements (Continued)

44. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The hospital's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The hospital does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the hospital's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
Total				
At 30 June 2025 (current year)				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
Total				

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the hospital under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				
At 30 June 2025				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				

Notes to the Financial Statements (Continued)

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The hospital's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

Foreign currency sensitivity analysis

The following table demonstrates the effect on the hospital's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024 (previous year)			
Euro	10%		
USD	10%		
2025 (current year)			
Euro	10%		
USD	10%		

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The hospital's interest rate risk arises from bank deposits. This exposes the hospital to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the hospital's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Notes to the Financial Statements (Continued)

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Hospital's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Description	Fin yr. 24/25	Fin yr. 23/24
	Kshs	Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/ (<i>excess cash and cash equivalents</i>)		
Gearing	0	0

Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates, and close family members.

Kiambu County Government is the principal shareholder of the hospital, holding 100% of the hospital's equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. The related parties include:

- i) The National Government;
- ii) The County Government;
- iii) Board of Directors;
- iv) Key Management

Description	Fin yr. 24/25	Fin yr. 23/24
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to		
Sales of services to		
Total		
b) Grants from the Government		
Grants from County Government		
Grants from the National Government Entities		
Donations in kind		
Total		
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees		

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Description	Fin yr. 24/25	Fin yr. 23/24
	Kshs	Kshs
Payments for goods and services for xxx		
Total		
d) Key management compensation		
Directors' emoluments		
Compensation to the medical Sup		
Compensation to key management		
Total	0	0

46. Segment Information

The hospital entirely operates from Karatu, Gatundu South Sub-County in Kiambu County, under the Health Department.

47. Contingent Liabilities

Contingent liabilities	Fin yr. 24/25	Fin yr. 23/24
	Kshs	Kshs
Court case against the hospital		
Bank guarantees in favour of subsidiary		
Total	0	0

48. Capital Commitments

Capital Commitments	Fin yr. 24/25	Fin yr. 23/24
	Kshs	Kshs
Authorised For		
Authorised And Contracted For		
Total	0	0

49. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

50. Ultimate and Holding Entity

The entity is a Semi- Autonomous Government Agency under the Ministry of Health. Its ultimate parent is the Government of Kenya.

51. Currency

The financial statements are presented in Kenya Shillings (Kshs) and all values are rounded off to the nearest shilling.

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p><u>Un Approved Budget</u> Review of the documents provided for audit revealed that the Hospital did not prepare the budget in accordance with recommended format. Further, the budget provided for audit was not approved contrary to Section 39(b) of the Kiambu County Health Services Act, 2019 which requires the Health Fund Committee shall recommend the respective institutions' budget to the Executive Member and Section 34 that requires the administrator of the Fund to submit the</p>	<p>The annual budget was prepared as per required templates and procedures, the only challenge present was signing by the Board of management. We however, purpose to prepare future budgets in accordance to the set guidelines in the Kiambu County Health Services Act 2019.</p>	Resolved	

Karatu Level 4 Hospital (Kiambu County Government)
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Hospital's budget to the Executive Member for approval.			
2	<p><u>Lack of a Procurement Plan</u> The hospital management did not prepare a procurement plan during the year under review despite them having procured several items including medical/clinical item, computers printing and stationery, fuel and lubricants among other items. This was contrary to Regulation 14(2) of the Public Finance Management –County Government Regulations, 2015 which states that every year a procurement plan shall be prepared by Accounting Officer to form the basis for procurement activities undertaken by Government entities in the year.</p>	<p>The management has taken up the issue and will prepare a procurement policy for the coming years hopefully before the end of fin yr.2024/2025 with the help of County Procurement department.</p>	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3	<u>3. Failure to Meet Level 4 Hospital Requirements and Universal Health Coverage</u> According to the self-assessment questionnaire on Kenya Quality Model for Health's Checklist for Level 4 Hospitals, Karatu Level 4 did not meet most of the guidelines.	The management has written to the County through the Chief of Health requesting for an upgrade of health services at Karatu hospital to equal with a level 4 facility.	Not Resolved	



.....
Accounting Officer
Dr. Evelyn Mungai

Karatu Level 4 Hospital (Kiambu County Government)
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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	N/A					
2						

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	N/A						
2							
3							

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....Kiambu County Government

Name of Beneficiary entity.....Karatu Level 4 Hospital

Confirmation of amounts received by Karatu Level 4 Hospital as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	17.7.24	272,890		272,890	FIF
	18.10.24	376,212		376,212	Special AIE-CHMT
	5.11.24	526,437.60		526,437.60	FIF
	6.2.25	425,118		425,118	FIF
	19.5.25	527,341.60		527,341.60	FIF
Total		2,127,999.20		2,127,999.20	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:
 Name ALEX WERU Sign [Signature] Date 3/12/25

Head of Accounts Department - Beneficiary Entity:
 Name Lucy Njoroge Sign [Signature] Date 3/12/25

Karatu Level 4 Hospital (Kiambu County Government)
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Appendix IV Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
N/A									

Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A	N/A	N/A	N/A	N/A	N/A	N/A



1. $\frac{1}{x^2} = x^{-2}$
 $\frac{d}{dx} x^{-2} = -2x^{-3} = -\frac{2}{x^3}$

2. $\frac{1}{x^3} = x^{-3}$
 $\frac{d}{dx} x^{-3} = -3x^{-4} = -\frac{3}{x^4}$

3. $\frac{1}{x^4} = x^{-4}$
 $\frac{d}{dx} x^{-4} = -4x^{-5} = -\frac{4}{x^5}$

4. $\frac{1}{x^5} = x^{-5}$
 $\frac{d}{dx} x^{-5} = -5x^{-6} = -\frac{5}{x^6}$

5. $\frac{1}{x^6} = x^{-6}$
 $\frac{d}{dx} x^{-6} = -6x^{-7} = -\frac{6}{x^7}$

6. $\frac{1}{x^7} = x^{-7}$
 $\frac{d}{dx} x^{-7} = -7x^{-8} = -\frac{7}{x^8}$

7. $\frac{1}{x^8} = x^{-8}$
 $\frac{d}{dx} x^{-8} = -8x^{-9} = -\frac{8}{x^9}$

8. $\frac{1}{x^9} = x^{-9}$
 $\frac{d}{dx} x^{-9} = -9x^{-10} = -\frac{9}{x^{10}}$

9. $\frac{1}{x^{10}} = x^{-10}$
 $\frac{d}{dx} x^{-10} = -10x^{-11} = -\frac{10}{x^{11}}$